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WINDSOR QUALITY FOOD COMPANY, LTD.

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

MONTEREY GOURMET FOODS, INC.,
a Delaware corporation,

Plaintiff,

vs.

WINDSOR QUALITY FOOD
COMPANY LTD., a Texas Limited
Partnership; and DOES 1 through 20,
inclusive,

Defendants.

Case No. C08-01316 (JCS)

Case assigned for all purposes to
Hon. Joseph C. Spero

**DEFENDANT'S ANSWER AND
COUNTERCLAIM**

Action Filed: 3/5/08
Trial Date: None set.

Defendant, Windsor Quality Food Company Ltd. ("Windsor"), by its undersigned attorneys, answers the Complaint filed by Plaintiff, Monterey Gourmet Foods, Inc. ("MGF") as follows:

ANSWER TO SPECIFIC ALLEGATIONS

1
2 1. Responding to Paragraph 1 of MGF's Complaint, Windsor admits that the
3 Complaint is denominated as set forth in Paragraph 1 but denies each and every other averment
4 set forth therein.

5 2. Responding to Paragraph 2 of MGF's Complaint, Windsor admits the averments
6 set forth therein.

7 3. Responding to Paragraph 3 of MGF's Complaint, Windsor admits the averments
8 set forth therein.

9 4. Responding to Paragraph 4 of MGF's Complaint, Windsor admits that venue is
10 proper in this District. As to the listed reasons, however, Windsor lacks sufficient knowledge or
11 information to form a belief as to the truth or falsity of these averments and therefore denies
12 these and all remaining averments.

13 5. Responding to Paragraph 5 of MGF's Complaint, Windsor admits the averments
14 set forth therein.

15 6. Responding to Paragraph 6 of MGF's Complaint, Windsor lacks sufficient
16 knowledge or information to form a belief as to the truth or falsity of the averments set forth in
17 Paragraph 6 and therefore denies each and every averment set forth therein.

18 7. Responding to Paragraph 7 of MGF's Complaint, Windsor denies that it operates
19 food production facilities that employs numerous persons in the City of Covina, California but
20 admits the remaining averments set forth therein.

21 8. Responding to Paragraph 8 of MGF's Complaint, Windsor lacks sufficient
22 knowledge or information to form a belief as to the truth or falsity of the averments set forth in
23 Paragraph 8 regarding Doe defendants, and therefore denies such averments. Windsor denies all
24 remaining averments set forth in Paragraph 8.

25 9. Responding to Paragraph 9 of MGF's Complaint, Windsor admits that United
26 States Registration No. 1,953,489 was issued by the USPTO on January 30, 1996 in class 30 for
27 use in association with "pasta and sauces" and that United States Registration No. 2,203,576 was
28 issued by the USPTO on November 17, 1998 in class 30 for use in association with "pasta and

1 sauces” and that copies of these registration certificates are attached to MGF’s Complaint.
2 Windsor lacks sufficient knowledge or information to form a belief as to the truth or falsity of
3 the remaining averments set forth in Paragraph 9 and therefore denies all remaining averments.

4 10. Responding to Paragraph 10 of MGF's Complaint, Windsor lacks sufficient
5 knowledge or information to form a belief as to the truth or falsity of the averments set forth in
6 Paragraph 10 and therefore denies each and every averment set forth therein.

7 11. Responding to Paragraph 11 of MGF's Complaint, Windsor lacks sufficient
8 knowledge or information to form a belief as to the truth or falsity of the averments set forth in
9 Paragraph 11 and therefore denies each and every averment set forth therein.

10 12. Responding to Paragraph 12 of MGF's Complaint, Windsor lacks sufficient
11 knowledge or information to form a belief as to the truth or falsity of the averments set forth in
12 Paragraph 12 and therefore denies each and every averment set forth therein.

13 13. Responding to Paragraph 13 of MGF's Complaint, Windsor lacks sufficient
14 knowledge or information to form a belief as to the truth or falsity of the averments set forth in
15 Paragraph 13 and therefore denies each and every averment set forth therein.

16 14. Responding to Paragraph 14 of MGF's Complaint, Windsor admits that it has
17 been selling a pasta food product that includes the ingredients chicken, monterey cheese sauce
18 and pasta using the merely descriptive terms “chicken monterey pasta” as a product descriptor as
19 seen in Windsor’s product packaging depicted in Exhibit 1 without obtaining the express consent
20 of MGF. As to the remaining averments set forth in Paragraph 14, Windsor denies each and
21 every averment set forth therein.

22 15. Responding to Paragraph 15 of MGF's Complaint, Windsor denies each and every
23 averment set forth therein.

24 16. Responding to Paragraph 16 of MGF's Complaint, Windsor admits that MGF sent
25 an original notice to MGF in a letter dated April 23, 2007 and that Windsor sells food products
26 throughout California and within this District but denies each and every other averment set forth
27 therein.
28

FIRST CLAIM - TRADEMARK INFRINGEMENT UNDER LANHAM ACT

17. Responding to Paragraph 17 of the Complaint, Windsor repeats and realleges its answers to paragraphs 1 through 16, inclusive, as if fully set forth herein.

18. Responding to Paragraph 18 of the Complaint, Windsor denies each and every averment set forth therein.

19. Responding to Paragraph 19 of the Complaint, Windsor denies each and every averment set forth therein.

SECOND CLAIM - UNFAIR COMPETITION UNDER LANHAM ACT

20. Responding to Paragraph 20 of the Complaint, Windsor repeats and realleges its answers to paragraphs 1 through 19, inclusive, as if fully set forth herein.

21. Responding to Paragraph 21 of the Complaint, Windsor denies each and every averment set forth therein.

22. Responding to Paragraph 22 of the Complaint, Windsor denies each and every averment set forth therein.

23. Responding to Paragraph 23 of the Complaint, Windsor denies each and every averment set forth therein.

THIRD CLAIM - UNFAIR COMPETITION UNDER CALIFORNIA BUSINESS AND PROFESSIONS CODE § 17200 ET SEQ.

24. Responding to Paragraph 24 of the Complaint, Windsor repeats and realleges its answers to paragraphs 1 through 23, inclusive, as if fully set forth herein.

25. Responding to Paragraph 25 of the Complaint, Windsor denies each and every averment set forth therein.

26. Responding to Paragraph 26 of the Complaint, Windsor denies each and every averment set forth therein.

FOURTH CLAIM – “PALMING OFF”

27. Responding to Paragraph 27 of the Complaint, Windsor repeats and realleges its answers to paragraphs 1 through 26, inclusive, as if fully set forth herein.

28. Responding to Paragraph 28 of the Complaint, Windsor denies each and every

1 averment set forth therein.

2 29. Responding to Paragraph 29 of the Complaint, Windsor denies each and every
3 averment set forth therein.

4 **FIFTH CLAIM – COMMON LAW INJURY TO BUSINESS REPUTATION**

5 30. Responding to Paragraph 30 of the Complaint, Windsor repeats and realleges its
6 answers to paragraphs 1 through 29, inclusive, as if fully set forth herein.

7 31. Responding to Paragraph 31 of the Complaint, Windsor denies each and every
8 averment set forth therein.

9 **PRAYER FOR RELIEF**

10 The remainder of the Complaint consists of MGF's prayer for relief for which no
11 response is required. To the extent any response is required, Windsor denies that MGF is
12 entitled to any of the relief requested in Paragraphs 1-9 of the Prayer for Relief in the Complaint.

13 **AFFIRMATIVE DEFENSES**

14 Windsor further submits the following AFFIRMATIVE DEFENSES to the Complaint.

15 **FIRST AFFIRMATIVE DEFENSE**

16 32. The Complaint, and each cause of action thereof, fails to state a cause of action
17 upon which relief may be granted.

18 **SECOND AFFIRMATIVE DEFENSE**

19 33. Windsor's use of the terms "chicken monterey pasta" is merely descriptive of and
20 used fairly and in good faith only to describe its goods and services and is therefore a fair use
21 within the meaning of Lanham Act § 1115(b)(4).

22 **THIRD AFFIRMATIVE DEFENSE**

23 34. MGF cannot demonstrate that Windsor's goods are likely to cause confusion or to
24 cause mistake or to deceive as to the affiliation, connection or association of Windsor with MGF
25 or as to the origin, sponsorship or approval of Windsor's goods by MGF.

26 **FOURTH AFFIRMATIVE DEFENSE**

27 35. The alleged marks "Monterey Pasta Company" and "Monterey Pasta Co.
28 California's Finest Gourmet Pasta" are geographically descriptive and merely descriptive of

MGF's goods and have not acquired secondary meaning and are therefore not protectable or enforceable as trademarks under federal, state or common law.

FIFTH AFFIRMATIVE DEFENSE

36. In the alternative, the alleged marks "Monterey Pasta Company" and "Monterey Pasta Co. California's Finest Gourmet Pasta" are geographically misdescriptive of MGF's goods and therefore not protectable or enforceable as trademarks under federal, state or common law.

SIXTH AFFIRMATIVE DEFENSE

37. Even if protectable, the terms in the alleged marks "Monterey Pasta Company" and "Monterey Pasta Co. California's Finest Gourmet Pasta" are so diluted due to third party use that MGF is entitled to only the most narrow scope of protection.

SEVENTH AFFIRMATIVE DEFENSE

38. MGF has, through the uncontrolled licensing and failure to protect the value of the alleged marks "Monterey Pasta Company" and "Monterey Pasta Co. California's Finest Gourmet Pasta," abandoned any and all rights in these alleged marks.

EIGHTH AFFIRMATIVE DEFENSE

39. MGF's claims are barred in whole or in part by virtue of fraud on the United States Patent and Trademark Office ("USPTO") in prosecution of the application to register MGF's alleged mark in United States Registration No. 1,953,489 as described with particularity in Paragraphs 1-18 of the Counterclaim below, such paragraphs incorporated as if fully set forth herein.

COUNTERCLAIM

Windsor further submits the following COUNTERCLAIM against MGF.

PARTIES AND JURISDICTION

1. Counterclaim Plaintiff, Windsor Quality Food Company, Ltd. (Windsor"), is a Texas Limited Partnership with a principal place of business at 3355 West Alabama, Suite 730, Houston, Texas.

2. Upon information and belief, Counterclaim Defendant, Monterey Gourmet Foods, Inc. ("MGF"), is a Delaware corporation with a principal place of business at 1528 Moffett

1 Street, Salinas, California.

2 3. The following counterclaim seeks relief pursuant to the Lanham Act, Title 15 of
3 the United States Code, §§ 1051 et seq. This court has subject matter jurisdiction under 15
4 U.S.C. § 1121 and 28 U.S.C. §§ 1331, 1332, 1338, 2201 and 2202.

5 4. In filing the Complaint, MGF has waived any objection to personal jurisdiction as
6 to the Counterclaim. Venue is proper in this district under 28 U.S.C. §§ 1391 and 1400.

7 5. This is a trademark case subject to district-wide assignment under Local Rule 3-
8 2(c). For the convenience of the parties, witnesses and attorneys, counterclaimant hereby
9 requests that this case remain assigned to the San Francisco division.

10 **COUNTERCLAIM – FRAUD ON THE UNITED STATES PATENT & TRADEMARK**

11 **OFFICE**

12 6. Windsor repeats and realleges each of its claims in Paragraphs 1 through 5,
13 inclusive, as if fully set forth herein.

14 7. In the Complaint, MGF claims that it is the owner of the alleged trademark
15 evidenced by United States Registration No. 1,953,489 for “Monterey Pasta Company” in
16 International Class 030 for “pasta and sauces.”

17 8. The terms “Monterey Pasta Company” are both geographically descriptive (or in
18 the alternative geographically misdescriptive) and merely descriptive of MGF’s goods. As
19 evidenced by Paragraph 7 of its Complaint, MGF is located in Monterey County, California. As
20 evidenced by United States Registration No. 1,953,489, the goods are listed as “pasta and
21 sauces” and the terms “Pasta Company” are disclaimed subject matter in the registration.

22 9. Upon information and belief, as evidenced by the file history of the application to
23 register the terms “Monterey Pasta Company,” the USPTO was not made aware by Applicant of
24 the geographically descriptive (or in the alternative geographically misdescriptive) nature of the
25 term “Monterey” during the prosecution of the application.

26 10. Upon information and belief, nothing in the file wrapper indicates that the
27 Examiner was informed, at any time, of the truly geographically descriptive (or in the alternative
28 geographically misdescriptive) manner in which the terms “Monterey Pasta Company” were

1 used or to be used by MGF.

2 11. The withholding of the geographically descriptive (or in the alternative
3 geographically misdescriptive) and merely descriptive nature of the terms “Monterey Pasta
4 Company” from the USPTO constitutes fraud on the USPTO because the USPTO would not
5 have granted a trademark registration for the terms “Monterey Pasta Company” without proof of
6 secondary meaning. Upon information and belief, MGF would not have been able to establish
7 that the terms “Monterey Pasta Company” had acquired distinctiveness by June 17, 1994, the
8 date of the application to register the terms “Monterey Pasta Company.”

9 12. United States Registration No. 1,953,489 should be cancelled by virtue of the
10 fraud perpetrated on the USPTO during the prosecution of the application.

11 13. MGF knew or should have known of the fraud perpetrated on the USPTO.

12 14. Windsor has suffered, and continues to suffer, irreparable harm as a result of the
13 fraud perpetrated on the USPTO in the prosecution of the application and registration of United
14 States Registration No. 1,953,489.

15 15. MGF’s filing of the Complaint against Windsor has caused and continues to cause
16 irreparable injury to Windsor.

17 16. MGF’s bringing of the Complaint is frivolous.

18 17. Windsor has suffered, and continues to suffer, irreparable harm as a result of
19 MGF’s filing of its frivolous Complaint.

20 18. MGF has no adequate remedy at law.

21 WHEREFORE, Windsor demands:

22 1. That United States Registration No. 1,953,489 for the alleged mark “Monterey
23 Pasta Company” be cancelled due to fraud on the USPTO.

24 2. That MGF’s action against Windsor be dismissed with prejudice in Windsor’s
25 favor.

26 3. That Windsor be awarded its attorneys’ fees and costs in defending against
27 MGF’s frivolous action and in prosecuting the within Counterclaim;

28 4. That Windsor be awarded such other relief as the court deems appropriate.

RESERVATION OF RIGHT TO AMEND ANSWER

Windsor hereby gives notice that it intends to reply on such other and further defenses as may be disclosed during discovery in this action, and therefore Windsor reserves the right to amend its Answer to assert any such defenses.

Dated: April 14, 2008

McAfee & Taft, A Professional Corporation

By: _____/S/

Robert W. Dace

Jennifer B. Rader

Attorneys for Defendant

WINDSOR QUALITY FOOD COMPANY, LTD.

New!

José Olé®

Especial

Skillet Meal

Ready in 10 minutes!

CHICKEN MONTEREY PASTA

*with broccoli, black beans
and tomatoes in a
creamy Monterey Jack
cheese sauce*

Serves Two

*Made with
Grilled Chicken
Breast*

Nutrition Facts

Serving Size 1/2 Package (340g)
Servings Per Container 2

Amount Per Serving

Calories 540 Calories from Fat 270

% Daily Value*

Total Fat 30g 46%

Saturated Fat 14g 70%

Trans Fat 0g

Cholesterol 90mg 30%

Sodium 1070mg 45%

Total Carbohydrate 47g 16%

Dietary Fiber 5g 20%

Sugars 2g

Protein 22g

Vitamin A 40% • **Vitamin C 50%**

Calcium 15% • **Iron 20%**

Not a significant source of Trans Fat.

*Percent Daily Values are based on a 2,000
calorie diet. Your daily values may be higher
or lower depending on your calorie needs.

Calories 2,000 2,500

Total Fat Less than 65g 80g

Sat Fat Less than 20g 25g

Cholesterol Less than 300mg 300mg

Sodium Less than 2,400mg 2,400mg

Total Carbohydrate 300g 375g

Dietary Fiber 25g 30g

Calories per gram:

Fat 9 • Carbohydrate 4 • Protein 4

INGREDIENTS: MONTEREY JACK CHEESE SAUCE (WATER, CREAM (CREAM, MILK), MONTEREY JACK CHEESE (PART SKIM MILK, CHEESE CULTURES, SALT, ENZYMES), MARGARINE (LIQUID & PARTIALLY HYDROGENATED SOYBEAN OIL, WATER, SALT, WHEY, SOY LECITHIN, VEGETABLE MONO & DIGLYCERIDES, SODIUM BENZOATES (AS A PRESERVATIVE), NATURAL ARTIFICIAL FLAVOR, BETA CAROTENE (COLOR), VITAMIN A PALMITATE ADDED), MONTEREY JACK FLAVOR (MONTEREY JACK CHEESE), PASTEURIZED MILK, CHEESE CULTURE, SALT, ENZYMES), WHEY, BUTTERMILK SOLIDS, SALT, SODIUM PHOSPHATE, LACTIC ACID), MODIFIED FOOD STARCH, GARLIC, WHITE PEPPER, SALT, SODIUM POLYPHOSPHATE, SODIUM PHOSPHATE, CHILI POWDER (CHILI PEPPER, SPICES, SALT, GARLIC, OREGANO), COOKED ROTINI PASTA (WATER, DURUM WHEAT SEMOLINA, NIACIN, IRON, THIAMINE MONONITRATE, RIBOFLAVIN, FOLIC ACID), COOKED SEASONED CHICKEN BREAST (CHICKEN BREAST MEAT, WATER, SEASONING (SALT, GARLIC POWDER, CORN SYRUP SOLIDS, SUGAR, HYDROLYZED SOY PROTEIN, SPICES, ONION POWDER, NATURAL FLAVORS, PAPRIKA EXTRACT, CARAMEL COLOR, SOYBEAN OIL, MODIFIED CORN STARCH, SODIUM PHOSPHATE), BROCCOLI, BLACK BEAN TOMATOES, PARSLEY.

CONTAINS: MILK, SOY, WHEAT.

Serving
Suggestion

KEEP FROZEN

NET WT. 24 OZ. (1LB 8 OZ) 680g

EXHIBIT I

Windsor Foods
Houston, TX 77098 © Windsor Foods



José Olé®

Especial

CHICKEN MONTEREY PASTA

Skillet Meal